PROPOSAL EVALUATION

Proposition 84 Integrated Regional Water Management (IRWM) Grant Program

Implementation Grant, Round 1, FY 2010-2011

Applicant	County of Ventura	**Amount Requested**	$ 17,510,599
Proposal Title	Watersheds Coalition of Ventura County Proposition 84 2011 Implementation Grant Proposal	**Total Proposal Cost**	$ 37,065,552

PROPOSAL SUMMARY

Eight projects are included in the proposal: (1) Ventura County Regional Urban Landscape Efficiency Program, (2) Calleguas Regional Salinity Management Pipeline, (3) Camrosa Round Mountain Desalter, (4) CamSan/Camrosa Recycled Water Connection, (5) Seawater Barrier Pilot Well, (6) Piru Treatment Plant Tertiary Upgrade, (7) Natural Floodplain Protection Program, and (8) Ojai Meadows Ecosystem Restoration Final Phase.

PROPOSAL SCORE

Criteria	Score/ Points Possible	Criteria	Score/ Points Possible
Work Plan	**15/15**	Economic Analysis – Water Supply Costs and Benefits	**12/15**
Budget	**3/5**	Water Quality and Other Expected Benefits	**9/15**
Schedule	**5/5**	Economic Analysis – Flood Damage Reduction	**6/15**
Monitoring, Assessment, and Performance Measures	**4/5**	Program Preferences	**10/10**
		Total Score (max. possible = 85)	**64**

EVALUATION SUMMARY

The following is a review summary of the proposal.

Work Plan

This criterion is fully addressed and supported by thorough and well-presented documentation and logical rationale. The applicant provides background of regional water management issues and relates the discussions to the purpose of the proposal and the goals and objectives of the adopted IRWMP. Applicant further provides well written description of individual project and discusses synergies and linkages among them. Additionally, a tabulated overview of proposed projects that includes status and benefits, as well as well prepared maps with clear identification of project locations are included. Task items for individual projects are of sufficient detail and indicate that the projects can be implemented. Scientific and technical information supporting the feasibility of the proposal are well documented. Similarly, required permits and CEQA compliance is well documented along with the status. Plans and specs are included for at least 3

projects including the Project 2 @ 60% (p. 3-33), Project 4 @ 100% (p. 3-50) and Project 8 @100% (p. 3-102). Quarterly and Final reports are included in work items in the schedule. The work plan is consistent with the Basin Plan and Design specifications.

Budget

The Budgets for most of the projects in the proposal have detailed cost information. However, not all of the costs appear reasonable or they lack supporting documentation. For example, no explanation was provided for a high contingency of 23% of construction cost for the Project 4. Supporting documentation for the design scope of work tasks and construction cost estimates for Project 3 is lacking. In addition, unit costs and quantities of equipment and labor would have provided more specificity, but in many cases lump sums were used. The supporting information for the construction cost estimate of approximately $11.5 million (M) is deemed insufficient, as only a brief explanation of how this estimate was generated is provided. An amount of $450,000 is allocated for an Environmental Documentation task for Project 6. The work plan and the schedule illustrate that this task was completed in July 2008 (prior to September 30, 2008) and therefore does not qualify as funding match or as a reimbursable expense.

Schedule

The schedule is consistent and reasonable and demonstrates a readiness to begin construction or implementation with five projects scheduled to start no later than six months after the anticipated award date (by December 1, 2011). The proposal includes a summary schedule for all eight projects followed by detailed individual schedules for each project. Completion time for projects in the proposal ranges between 1 to 4 years thus allowing relatively quick realization of benefits. Furthermore, a full score is awarded as all information requested in Attachment 5 is provided (including schedules that show: Task start and end dates, project milestones, individual schedules in an easy to read horizontal bar format, and schedules that illustrate dependencies or predecessors by showing links between tasks).

Monitoring, Assessment, and Performance Measures

This criterion has been fully addressed, but is not supported by thorough documentation or sufficient rationale. Attachment 6 contains core elements of the Monitoring Plan that will be used to quantify and verify project performance. Output indicators for the most part effectively track the desired outcomes and meeting the targets appears feasible. The proposed projects are consistent with the LA Regional Board's Basin Plan and would implement many water quality improvement activities. However, whether some project goals are actually met (particularly water quality goals) will be unknown, or at best only implied, due to the performance measures chosen. For instance, one of the listed project goals of Project 1 is to improve water quality with the desired outcome shown as demonstrating reduced runoff from irrigated landscapes. There is no indication that water quality will be measured to truly validate this goal. Furthermore, a reduction in runoff will not be demonstrated through direct measurement, rather it would be implied based on the number of irrigation system adjustments/improvements documented. While it is certainly likely there will be some water quality benefits from the project, the magnitude will be unknown and it will not be clear if benefits are from a few more highly polluted properties that are no longer shedding excessive irrigation runoff, or from a certain type of land use, or from a certain size parcel.

Economic Analysis – Water Supply Costs and Benefits

High levels of water supply benefits relative to costs might be realized through this proposal; however, the quality of the analysis is moderate and supporting documentation is partially substantiated. All of the

projects claim water supply benefits. Monetized water supply benefits are $82.669 million (M). Benefits of about $70 M are claimed by implementing Projects 2, 3, and 4. These three projects are somewhat inter-dependent. Project 2 provides a means for salt disposal from Project 3. Project 4 does not need the Project 2 or the Project 3 directly. However, Project 4 would use Project 2 to dispose of un-needed recycled water in the winter, and Project 3 allows for export of salts that facilitates more use of recycled water.

It's not clear that all associated costs required to put the recycled water to use are included. In particular, there is little discussion of additional distribution system costs. More documentation should have been provided. It appears that most of the distribution system required for the Project 4 is also in place. There are no replacement costs included in Project 3 costs (page 7-35).

The benefit of Project 2 is based on a share of the entire salt management pipeline project (46,650 acre-feet per year (AFY) maximum). The share is assumed equal to the share of total capital costs for desalters and SMP phases (2.7%). Operation and maintenance (O&M) costs were not discussed or included in the calculation of cost shares. This appears to be a flaw in this analysis. One approach that could have been taken was to include only the stand-alone costs and benefits associated with Project 2. That is, what are the benefits if future phases cannot be built? In this approach, Project 2 is part of a stand-alone project that includes the Projects 3 and 4, and the costs and benefits of Projects 3 and 4 are included. This stand-alone project has a present value of costs of $43.7 M and benefits of $48.8 M ($16.45 plus $4.86 plus $27.5). Some distribution costs to achieve these benefits may be required, but they do not appear to be much.

Water rates are local prices based on shares of Metropolitan Water District (MWD) Tier 1 and Tier 2 rates plus local charges; some of the local charges "capital improvement charge" did not appear appropriate. For Project 2, avoided cost in 2009 is $923 per AF (p. 7-19), assumed to increase at 2.5 percent annually. On page 7-21, 2011 price is $946 per AF. These match tables. Table 12, for Project 4, also includes avoided groundwater and non-potable local at $115 and $315, respectively. Water supply avoided costs are reasonable for this region, but a little high.

Other water supply benefits are provided by Project 5 ($9.67 M). This project claims benefits from construction and operation of a pilot well. If injection experiments for about 5 years are successful, then seven additional wells may be built. The analysis claims benefits only for the 750 AF injected with the pilot well, which provides credits for the City of Oxnard, and additional water supply for agricultural users beginning in 2027 is claimed.

Project 6 ($2.03 M benefits) will enable 285 to 560 AFY of tertiary treated water that meets California reuse water criteria. Also, the cost of water supply for the facility is avoided. Project 1 ($0.98 M) provides benefits by treating 1,091 landscape parcels and reducing imports and local water up to 204 AFY.

Economic Analysis – Water Quality and Other Expected Benefits

Only average levels of benefits relative to costs can be realized through this proposal, as demonstrated by the analysis and supporting documentation. All of these projects claim water quality and other benefits, but only two are monetized. Monetized water quality and other benefits are $22.194 M. Most of these benefits ($15.3 M) are due to avoided Micro Filtration/Reverse Osmosis treatment costs associated with Project 4. It is not clear that this facility would have to be built in the absence of this Project.

Most benefits of Project 6 are avoided wastewater discharge fines. Fines are a transfer from the State perspective. It is not clear that these fines are a good proxy for actual costs of salinity below the Piru Waste

Water Treatment Plant (WWTP) percolation ponds. Some of the projects have important water quality implications that are not quantified.

Economic Analysis – Flood Damage Reduction

Only average levels of benefits relative to costs can be realized through this proposal, as demonstrated by the analysis and supporting documentation. Two of these projects claim monetized flood damage reduction benefits of $10.245 M. Most of these benefits ($9.9 M) are provided by Project 7. Benefits are estimated using Flood Rapid Analysis Model (FRAM) with data from local sources. Benefits are estimated based on a complete 3,280 acre program as opposed to the 225 acres in this project, so only 6.86 percent of total benefits are claimed. These benefits, for the 3,280 acre program, include reduced agricultural damages caused by a changed pattern of flooding.

Program Preferences

The proposal demonstrates with a significant degree of certainty that a number of Program Preferences can be achieved by implementing the proposed projects. Thorough documentation with breadth and magnitude is provided for the following Program Preferences: Integrate regional projects or programs, Effectively integrate water management programs and projects within hydrologic region, Effectively resolve significant water-related conflicts within or between regions, Contribute to attainment of one or more of the objectives of the CALFED Bay-Delta Program, Address critical water supply or water quality needs of Disadvantaged Communities within the region, Effectively integrate water management with land use planning, Drought preparedness, Use and reuse water more efficiently, Climate change response actions, Expand environmental stewardship, Practice integrated flood management, Protect surface water and groundwater quality, and Ensure equitable distribution of benefits.